

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF TEXAS  
AUSTIN DIVISION

FILED

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CLERK US DISTRICT COURT  
WESTERN DISTRICT OF TEXAS

UNITED STATES OF AMERICA,

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CRIMINAL No.

Plaintiff,

INDICTMENT

v.

SOLOMON HOBBS, JR.,  
aka VIRGIL CLINTON  
POWELL,

Defendant.

[Violation: 18 U.S.C. § 1343 - Wire  
Fraud; 20 U.S.C. § 1097 - Student  
Assistance Program Fraud; 18 U.S.C.  
§ 1028(a)(7) - Identity Theft; 18 U.S.C.  
§ 1028A(a)(1) - Aggravated Identity  
Theft].

**A11CR 287 LY**

THE GRAND JURY CHARGES:

INTRODUCTION

At times material to this Indictment:

1. The United States Department of Education ("USDOE") provides financial aid in the form of grants and guaranteed loans to eligible students to help defray the cost of their post secondary educations. The Federal Family Educational Loan Program ("FFELP") provides low interest loans to eligible students attending post secondary institutions. FFELP loans are made by private lenders, who are paid a special allowance by USDOE to ensure a low interest rate. In addition, FFELP loans are insured by USDOE and, for subsidized FFELP loans, USDOE pays all interest on the loans while the student borrower is in school. Pell grants are another type of aid and are considered "gifts" as they do not have to be repaid by qualified student recipients. FFELP loans and Pell grants are "Title IV funds," which are provided under the Higher Education Act of 1965, found in Subchapter IV of Chapter 28 of Title 20, United States Code.

2. FFELP loans and Pell grants are distributed directly to the post secondary institution by

check co-payable to the student and post secondary institution or by electronic funds transfer. Once tuition is deducted from the loan and paid to the institution, a credit is refunded to the student to assist the student in paying non-tuition higher education expenses, such as the cost of books or housing.

3. Students apply for financial aid under the Higher Education Act by submitting a Free Application for Federal Student Aid ("FAFSA") form, either by mailing it in or electronically transmitting it to a USDOE processing center. The FAFSA contains basic information regarding a student's identity and economic status and is used to determine the student's eligibility to obtain federal financial aid funds. At all times relevant to this indictment, a student could not submit a FAFSA without certifying that he/she would "use federal and/or state student financial aid only to pay the cost of attending an institution of higher education."

### **THE SCHEME**

1. SOLOMON HOBBS, JR., hereafter "Hobbs," developed a scheme to obtain federal student financial aid through fraud and identity theft within the Western District of Texas and elsewhere. As a result of this scheme, Hobbs obtained \$37,395.05 through fraudulent financial aid applications, including \$6,573.50 through identity theft. As detailed below, Hobbs repeatedly obtained Title IV funds to attend higher education institutions, received credit refunds from those institutions, and then failed out of the institutions due to his lack of attendance. This pattern shows that Hobbs had no intent of using the Title IV funds for educational expenses.

2. University of Texas at Tyler: Hobbs received \$4,885 in Title IV funds to attend the University of Texas at Tyler ("UTT") for the fall semester of 2004. As part of this aid, Hobbs received a credit refund of \$3,906.50. Hobbs failed every course for which he registered and was

placed on academic probation.

3. University of Texas at El Paso: Hobbs received \$5,905 in Title IV funds to attend the University of Texas at El Paso ("UTEP") for the fall semester of 2007. As part of this aid, Hobbs received a credit refund of \$3,462. A direct deposit form signed and dated by Hobbs shows that he authorized the university to directly deposit any money owed to him into an account at Centennial Bank, a bank based in Utah. The \$3,462 refund was received into Hobbs's account via an electronic funds transfer on September 4, 2007. Hobbs failed three courses, was "withdrawn" from a fourth course, and placed on academic probation.

4. University of Texas at Arlington: Hobbs received \$5,305 in Title IV funds to attend the University of Texas at Arlington ("UTA") for the spring semester of 2008. As part of this aid, Hobbs received a credit refund of \$2,023. A direct deposit form signed and dated by Hobbs shows that he authorized the university to directly deposit any money owed to him into an account at Centennial Bank, a bank based in Utah. The \$2,023 refund was received into Hobbs's account via an electronic funds transfer on January 31, 2008. Hobbs failed every course for which he registered and received an academic warning.

5. Midwestern State University, Wichita Falls: Hobbs received \$8,112 in Title IV funds to attend Midwestern State University ("MSU") for the fall semester of 2008. As part of this aid, Hobbs received a credit refund of \$5,636. Hobbs failed every course for which he registered and was placed on academic probation. The application that Hobbs submitted to MSU asked, "Are you currently on academic suspension or have you ever been on academic suspension from a college or university?" Hobbs answered "no" to this question, despite being on academic probation at UTT, and UTEP and receiving an "academic warning" from UTA.

6. Texas State University, San Marcos: Hobbs received \$6,615 in Title IV funds to attend Texas State University ("TSU") for the spring semester of 2009. As part of this aid, Hobbs received a credit refund of \$4,817.75. The refund was sent via electronic funds transfer to a bank account at Centennial Bank, a bank based in Utah, in the name of Debra Sfirri on February 12, 2009. The money was transferred from Sfirri's account to Hobbs's Centennial Bank account on February 13, 2009. Hobbs failed every course for which he registered.

7. University of Texas at El Paso (Brent Danner): Hobbs used the name, birth date, and social security number of an individual named Brent Danner to receive \$6,573.50 in Title IV funds to attend the University of Texas at El Paso in the fall semester of 2008. As part of this aid, UTEP issued a credit refund of \$4,518.10 in three separate installments, the largest installment being a \$4,207.50 deposit on August 29, 2008. Hobbs used Danner's information on the FAFSA, a UTEP financial aid verification worksheet, and on a direct deposit form. Hobbs, however, listed his own address and telephone number on the FAFSA, UTEP financial aid verification worksheet, and direct deposit form. The direct deposit form gave UTEP permission to electronically transfer the credit refund balance to a bank account at Metabank, a bank based in California. The \$4,207.50 deposit was received into the bank on August 29, 2008. Danner's UTEP transcript shows that "he" failed every course for which he was registered and was placed on academic probation.

8. Danner never enrolled at UTEP and never applied for financial aid to attend UTEP. Danner learned about these student loans when he applied for a mortgage in early 2009. At that time, he also learned that another loan disbursement was scheduled in his name for classes at the University of Texas at Tyler. Danner stopped the disbursement of these Title IV funds from occurring.

9. An individual who at one time lived with Hobbs has turned over to law enforcement paperwork previously in Hobbs's possession. Included in this paperwork are several pieces of mail from UTEP and UTT bearing Danner's name and other personal identifiers.

**COUNTS ONE through FOUR**  
**18 U.S.C. § 1343**

The Grand Jury realleges and incorporates the Introduction and Scheme of this Indictment as if fully set forth herein.

On or about the following dates, in the Western District of Texas, and elsewhere, the defendant,

**SOLOMON HOBBS, JR.**

for the purpose of executing the scheme described above, and attempting to do so, caused to be transmitted by means of wire communication in interstate commerce the signals and sounds described below for each count, each transmission constituting a separate count:

<u>Count</u>	<u>Date</u>	<u>Description</u>
One	September 4, 2007	A credit refund balance of \$3,462 in Federal student financial aid was sent from the University of Texas at El Paso, in El Paso, Texas via electronic funds transfer to Solomon Hobbs's Centennial Bank account with reference number *****9422.
Two	August 29, 2008	A credit refund balance of \$4,207.50 in Federal student financial aid was sent from the University of Texas at El Paso, in El Paso, Texas via electronic funds transfer to an account at Metabank with reference number *****8339.

Three	February 12, 2009	A credit balance refund of \$4,817.75 in Federal student financial aid was sent from Texas State University in San Marcos, Texas, via electronic funds transfer to an account at Centennial Bank with reference number *****9239 in the name of Debra Sfirri.
Four	February 13, 2009	A direct deposit payment of \$4,817.75 was transferred from Centennial Bank account with reference number *****9239 in the name of Debra Sfirri to Solomon Hobbs's Centennial Bank account with reference number *****9254.

All in violation of Section 1343 of Title 18 of the United States Code.

**COUNT FIVE**  
**[20 U.S.C. § 1097]**

Beginning on or about June 21, 2007 and continuing until on or about December 31, 2007, in the Western District of Texas and elsewhere, the defendant,

**SOLOMON HOBBS, JR.**

knowingly and willfully obtained by fraud and false statement and failed to refund, \$5,905.00 in Title IV funds, in that he falsely certified that he would use the money to attend an institution of higher learning when he applied for this aid, failed to use the aid to attend the University of Texas El Paso, and failed to refund a portion of this aid in violation of Title 20, United States Code, Section 1097.

**COUNT SIX**  
**[20 U.S.C. § 1097]**

Beginning on or about January 19, 2008 and continuing until on or about May 31, 2009, in the Western District of Texas and elsewhere, the defendant,

**SOLOMON HOBBS, JR.**

knowingly and willfully obtained by fraud and false statement and failed to refund, \$6,615.00 in Title IV funds, in that he falsely certified that he would use the money to attend an institution of higher learning when he applied for this aid, failed to use the aid to attend Texas State University, and failed to refund a portion of this aid in violation of Title 20, United States Code, Section 1097.

**COUNT SEVEN**  
**[20 U.S.C. § 1097]**

Beginning on or about February 1, 2008 and continuing until on or about December 31, 2008, in the Western District of Texas and elsewhere, the defendant,

**SOLOMON HOBBS, JR.**

knowingly and willfully obtained by fraud and false statement and failed to refund, \$6,573.50 in Title IV funds, in that he falsely certified that he would use the money to attend an institution of higher learning when he applied for this aid, failed to use the aid to attend the University of Texas at El Paso, failed to refund a portion of this aid, and used without permission the identification of Brent Danner, to wit, his name, social security number, and date of birth to obtain the aid, in violation of Title 20, United States Code, Section 1097.

**COUNT EIGHT**  
**18 U.S.C. § 1028(a)(7),(b)(1)(D)**

Beginning on or about February 1, 2008 and continuing until on or about August 29, 2008, in the Western District of Texas and elsewhere, the defendant,

**SOLOMON HOBBS, JR.**

did knowingly use in or affecting interstate or foreign commerce, without lawful authority, a means of identification of another person, to wit, the name, social security number, and date of birth of Brent Danner, with the intent to commit, or to aid or abet, or in connection with, any unlawful activity that constitutes a violation of Federal law, to wit, Wire Fraud in violation of 18 U.S.C. § 1343 and Student Assistance Program Fraud in violation of 20 U.S.C. § 1097, and as a result of the offense, the defendant obtained a thing of value aggregating \$1,000 or more during a 1-year period.

All in violation of Title 18, United States Code, Section 1028(a)(7),(b)(1)(D).

**COUNT NINE**  
**18 U.S.C. § 1028A(a)(1)**

Beginning on or about February 1, 2008 and continuing until on or about August 29, 2008, in the Western District of Texas and elsewhere, the defendant,

**SOLOMON HOBBS, JR.**

did knowingly use, without lawful authority, a means of identification of another person, to wit, the name, social security number, and date of birth of Brent Danner during and in relation to Wire Fraud in violation of 18 U.S.C. § 1343, in violation of Title 18, United States Code, Section 1028A(a)(1).




A TRUE BILL: .1

JOHN E. MURPHY  
United States Attorney

**ORIGINAL SIGNATURE  
REDACTED PURSUANT TO  
E-GOVERNMENT ACT OF 2002**

By:

  
JENNIFER S. FREEL  
Assistant U. S. Attorney